

(b) We will do the final verification within twenty (20) business days of initial receipt of the bearer corpora and detached bearer coupons.

(c) If at any time after this twenty (20) day period we determine that the security was improperly credited to the BECCS or CUBES account of the depository institution, such as in the case of a previously undetected, counterfeit security, we reserve the right to adjust the BECCS or CUBES account.

**§ 358.15 What happens if securities are adjusted?**

(a) If we make an adjustment to all or part of the submitted securities, we will instruct the depository institution to transfer BECCS or CUBES securities of the same payment date and face amount from the depository institution's account to an account that we designate.

(b) If no such BECCS or CUBES securities exist in the depository institution's account, we will instruct the depository institution as to how the adjustment will be made.

(c) If the depository institution fails to comply with our instructions within five (5) business days of receipt of the instructions, we reserve the right to debit the master account of the depository institution for the face value of the adjusted bearer corpora and detached bearer coupons. By the submission of the bearer corpora and detached bearer coupons, the depository institution is deemed to agree to this debit.

**§ 358.16 Are BECCS and CUBES accounts maintained separately from the STRIPS program?**

BECCS and CUBES accounts are maintained separately from accounts maintained in Treasury's STRIPS (Separate Trading of Registered Interest and Principal of Securities) program.

**§ 358.17 Can BECCS and CUBES securities be reconstituted to physical form?**

After bearer corpora and detached bearer coupons have been converted to book-entry form, reconversion to physical form is prohibited. The reconstitution of a BECCS security with CUBES

securities or any combination of Treasury obligations is prohibited.

**§ 358.18 What limitations exist on liability?**

(a) Except as otherwise provided by regulation, circular, or written agreement, any fiscal agent designated to act on our behalf is liable for its action or omission only if it failed to exercise ordinary care.

(b) We do not assume any responsibility to any party except the sending and receiving depository institutions involved in a BECCS or CUBES transaction.

(c) We do not assume any responsibility in connection with a BECCS or CUBES transaction for the insolvency, neglect, misconduct, mistake, or default of another bank or person, including the immediate participants.

**§ 358.19 Who is responsible for any loss resulting from the conversion of a bearer corpus missing callable coupons?**

The submitting depository institution shall indemnify the United States against any loss resulting from the conversion of a bearer corpus that is missing one or more associated callable coupons.

**§ 358.20 Can these regulations be waived?**

We reserve the right to waive or modify any provision of the regulations in this part for the convenience of the United States or to relieve any person of unnecessary hardship, if such action is not inconsistent with law, does not impair existing rights, and does not subject the United States to any substantial expense or liability.

**§ 358.21 Can these regulations be amended?**

We may at any time supplement, amend, or revise the regulations in this part.

**PART 359—OFFERING OF UNITED STATES SAVINGS BONDS, SERIES I**

**Subpart A—General Information**

Sec.

359.0 What does this part cover?

**Pt. 359**

**31 CFR Ch. II (7–1–04 Edition)**

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- 359.2 [Reserved]
- 359.3 What special terms do I need to know to understand this part?
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APPENDIX D TO PART 359—TAX CONSIDERATIONS

AUTHORITY: 5 U.S.C. 301; 12 U.S.C. 391; 31 U.S.C. 3105.

SOURCE: 67 FR 64278, Oct. 17, 2002, unless otherwise noted.

### Subpart A—General Information

#### § 359.0 What does this part cover?

This part is the offering of United States Savings Bonds of Series I (referred to as Series I bonds or bonds) for sale to the people of the United States by the Secretary of the Treasury (Secretary). This offer was effective September 1, 1998, and will continue until terminated by the Secretary.

#### § 359.1 What regulations govern Series I savings bonds?

(a) The regulations in part 360 apply to definitive (paper) Series I savings bonds.

(b) The regulations in part 363 apply to book-entry Series I savings bonds.

(c) We expressly disclaim any representations or warranties regarding Series I savings bonds that in any way conflict with these regulations and other applicable law.

#### § 359.2 [Reserved]

#### § 359.3 What special terms do I need to know to understand this part?

*Accrual date* is the first day of any month on which earnings on a Series I bond accrue. The redemption value of a bond does not change between these accrual dates.

*Automated Clearing House (ACH)* means a funds transfer system governed by the Rules of the National Automated Clearing House Association (NACHA). NACHA provides for the interbank clearing of electronic entries for participating financial institutions.

*Bank account* means your account at a United States depository financial institution (whether a bank or other financial institution) to which you have directed that ACH debits and payments be made.

*Beneficiary* refers to the second individual named in the registration of a security held in definitive form registered “John Doe SSN 123-45-6789 POD (payable on death to) Joseph Doe.” In the New Treasury Direct system, beneficiary refers to the second individual named in the registration of a security registered “John Doe SSN 123-45-6789 POD (payable on death to) Joseph Doe SSN 987-65-4321.” In these examples, Joseph Doe is the beneficiary.

*Book-entry bond* means a Series I savings bonds maintained by Treasury solely as a computer record.

*Composite annual rate* means an annual interest rate that combines an annual fixed rate of return and a semi-annual inflation rate.

*Coowner* means either the first or the second individual named in the registration of a definitive Series I savings bonds registered “John Doe SSN 123-45-6789 or Joseph Doe.” In this example, John Doe and Joseph Doe are coowners.

*CPI-U, or U.S. City Average All Items Consumer Price Index for All Urban Consumers (non seasonally adjusted)* is a monthly index of the prices paid by consumers for consumer goods and services, maintained by the Bureau of Labor Statistics of the U.S. Department of Labor.

*Definitive bond* means a Series I savings bonds issued in paper form.

*Deflation* means a decrease in the CPI-U from one month to another.

*Face amount* refers to the amount inscribed on the front of a definitive Series I savings bonds.

*Fiduciary* means the court-appointed or otherwise qualified person, regardless of title, who is legally authorized to act for another.

*Fixed rate or fixed rate of return* is a component of the composite annual rate for a Series I savings bonds that is established by the Secretary of the Treasury for the life of the bond.

*Individual* means a natural person. Individual does not mean an organization, representative, or fiduciary.

*Inflation* means an increase in the CPI-U from one month to another.

*Interest*, as used in this part, is the difference between the principal amount and the redemption value of the bond.